

Public Comments on the Status of Demand Response Programs in the Northeast

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The Need for Demand Resources in an Active Wholesale Market

- Consumer Demand Resource Participation in the Wholesale Electric markets is essential to assure:
 - An efficient interaction of supply and demand (a true “Bid” – “Ask” market),
 - The balancing of market power, and
 - Active participation of end-use customers in determining market prices
- Benefits to an Active and Fluid Wholesale Electric Market:
 - Lower electric prices
 - Enhanced system reliability
 - Lower unit costs compared to generation and transmission investments
 - Optimal environmental impacts

Actions Required to Expand Demand Resource Participation

- Create Market Structures that will Enable Demand Resources to Participate Fully in Energy, Ancillary, and Capacity Markets
- Demand Resource Participation should evolve to an Economic/Market-based model, not just “program-based” for short-term reliability needs
 - Reliability-based solutions will have to rely on subsidies and other incentives
 - Economic-based market rules would create a competitive playing field between supply and demand based solutions
- Create Market Structures that fully allow Demand Resources to participate in Resource Planning
 - Utilize demand resource to complement future generation and transmission investment

Customer Response

- Customers want to participate in the determination of the price of electricity
- With the proper tools and market rules, customers will participate proactively
 - City of New Haven
 - Stamford Twin Rinks
 - New Boston Fund
 - Cadbury Schweppes
- Fair market rules will drive growing market participation